

RNs in Short Supply at Az. Hospitals

Vacancy Rate Hit 16% in 2000, Study Shows

Even as more and more Arizona firms announce large layoffs, driving Arizona's unemployment rate up, large numbers of vacancies exist throughout the state for registered nurses. The Arizona Hospital and Healthcare Association (AzHHA) reports a statewide average registered nurse vacancy rate of 16 percent.¹

A vacancy rate of that magnitude implies that there are more than 5,000 registered nurse (RN) jobs around the state going wanting for qualified candidates, on average, given the Department of Economic Security, Research



Administration (DES, RA) estimate of 32,070 registered nurse jobs statewide in 1999.² There are corroborating statistics from the Healthcare Institute of the AzHHA, which has determined that in 2000 there were 33,135 active Arizona RN licenses and that 90 percent of the RNs were in the workforce, a larger share than the national average (82.7%).³

Arizona is not unique. A nurse shortage exists nationwide with some areas worse off than others, and Arizona as bad off as any. The national average nurse vacancy rate is 11 percent (see Figure 5), according to AzHHA, and there are 2,115,815 active nurse licenses with 1,749,779 nurses in the workforce (see Figure 4).⁴

Reasons for Shortages

Assorted studies have identified multiple reasons for the short supply of registered nurses in Arizona and nationally:

- An AzHHA study cites Arizona's

fast population growth (40 percent increase between 1990 and 2000), while Arizona's educational systems are graduating only slightly more RNs now than 10 years ago.⁵

- Job dissatisfaction and the aging of the nurse workforce (see Figure 1) are other reasons, according to a General Accounting Office (GAO) report in July to the U.S. House of Representatives' Ways and Means Committee Subcommittee on Health.⁶
- Fewer young women are choosing a nursing career, because they now have more alternatives from which to choose.⁷
- Managed-care health insurers have reduced reimbursement rates to acute-care facilities, requiring lower operating budgets, which have constrained salaries.⁸
- Immigration laws constrain importing nurses from countries, such as Spain and the Philippines, with surplus supply (see related story, p. 6).⁹

Job dissatisfaction — which results from a variety of circumstances in the nurse environment — was cited often as the most egregious factor leading to short supply. Short staffing — in part resulting from the shortage and in part from reassignment of duties by managed-care companies — requires the remaining nurses to provide care to more patients. Nurses who believe they can't give the quality of care they have been trained to provide feel frustrated. Short staffing also

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leads to mandatory overtime that can make it difficult to juggle the needs of work and family. It can also be just plain exhausting. Moreover, in some institutions, physicians' poor treatment of nurses is another circumstance adding to dissatisfaction.¹⁰

Constrained salaries, regardless of cause, are another source of job dissatisfaction for RNs. Despite all the other reasons for dissatisfaction, salary levels remain an important motivator for attracting young people into nursing careers and keeping experienced staff on the job.

According to the GAO report to Congress, RN earnings have *just* kept pace with the rate of inflation from 1989 to 2000.¹¹ National median pay for registered nurses was \$40,700 annually in 1998, a level only slightly above the Arizona median of \$40,300. Putting it another way, Arizona's average RN pay was slightly below the national average, ranking 20th among all states, the District of Columbia, and Puerto Rico.¹² Registered nurse median pay in Arizona ranged from \$48,838 in Maricopa County to \$34,736 in Graham County in 2000, according to DES, RA's latest published survey.¹³ (see Table 1)

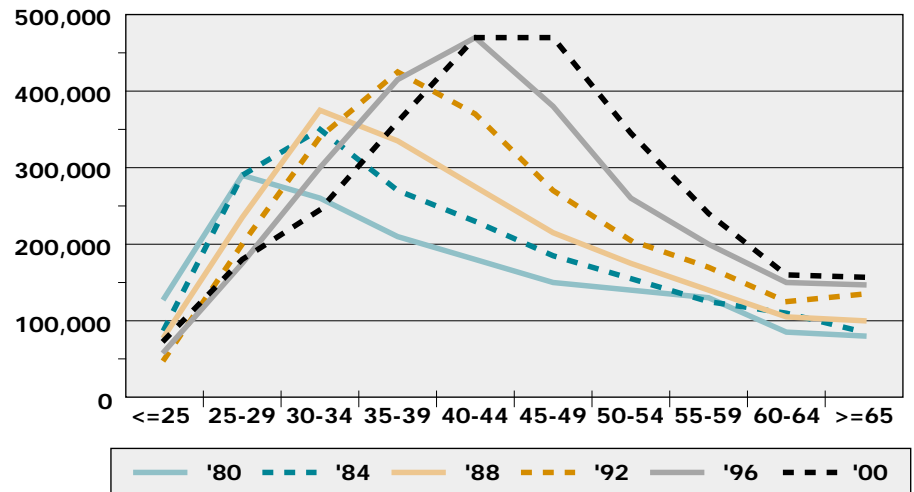
Another factor contributing to the nurse shortage is the degree of difficulty imposed on employers who want to import trained nurses from other countries. While the U.S. has been importing nurses from other countries for many years now, the process has waxed and waned in its degree of difficulty (see related story, p. 6). In addition, each foreign country is allowed a specific quota, and the numbers permitted have risen and fallen as Congress has adjusted quotas up and down.

Currently, nurses have favored status in the immigration and visa processes. The North American Free Trade Agreement (NAFTA) has permitted importing nurses from Canada without limit, according to Russel Ahr, a Phoenix-area spokesman for

Figure 1

Age Distribution of Registered Nurse Population, 1980-2000

Annual Population of Registered Nurses

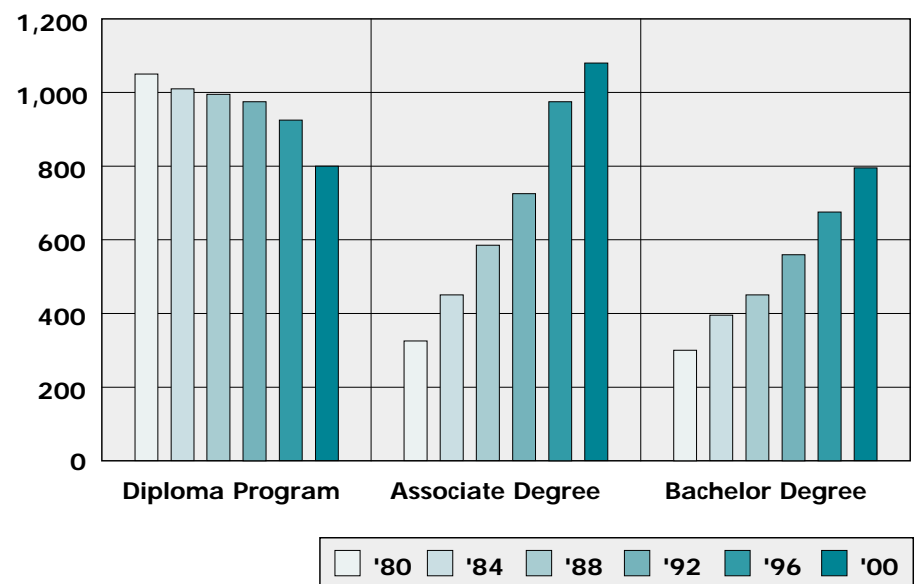


Source: *The National Sample Survey of Registered Nurses*, U.S. Dept. Of Health and Human Services, March 2000

Figure 2

Basic Educational Preparation of Registered Nurses, 1980-2000

(in Thousands)



Source: *The National Sample Survey of Registered Nurses*, U.S. Dept. Of Health and Human Services, March 2000

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the U.S. Immigration and Naturalization Service (INS). More generally, RN's are listed on "Schedule A" for category H visas, which exempts sponsoring employers from having to file a "Labor Condition Application." Many employers perceive the Labor Condition Application as an onerous process, because it requires that U.S. employers' jobs be advertised in this country for six months at the local labor market's "prevailing wage" before the employer's petition will be honored.¹⁴

Once obtained, the category H visa grants permission to work in the U.S. for three years, and a three-year extension is permitted after that if the employer applies for it. However, during the permitted period, the foreign nurse may apply for a "green card" granting permanent permission to work in the U.S. Once a green card is obtained, the employer may lose that nurse to another employer and thus lose its sponsorship investment, since the nurse no longer requires a sponsor.¹⁵

The sum of these and other factors causes or exacerbates the shortage of nurses, and the shortage leads to consequences that are threatening the well-being of patients.

Consequences of Shortage

Nowhere is the shortage of nurses felt more painfully than in the emergency rooms and trauma centers of the state. More and more people are entering the health-care system through emergency rooms, because they have no health insurance. And emergency rooms can't turn patients away once they are present.

The federal Emergency Medical Treatment and Active Labor Act (EMTALA) mandates that hospital emergency rooms treat all comers — at least to the point of stabilizing their condition — regardless of their ability to pay.¹⁶ Yet emergency room staffing is strained to the limit trying to deal with the excess number of patients. It is often the case that an

Table 1

Employment and Wages of Registered Nurses in Arizona and Subregions , 2000

Area	Rounded Employment	Wage		
		Median	25th Percentile	75th Percentile
Arizona	28,680	\$45,698	\$39,354	\$54,600
Phoenix-Mesa MA	18,240	48,755	40,872	57,408
Tucson MA	5,450	42,952	39,083	48,443
Flagstaff MA	1,030	45,448	37,856	53,373
Yuma MA	NA	39,686	34,674	44,283
Apache County	240	46,322	39,707	52,603
Cochise County	700	38,376	33,363	43,264
Coconino County	NA	NA	NA	NA
Gila County	NA	NA	NA	NA
Graham County	50	34,736	29,494	41,538
Greenlee County	NA	NA	NA	NA
La Paz County	90	42,016	37,107	48,256
Maricopa County	17,830	48,838	40,934	57,616
Mohave County	NA	NA	NA	NA
Navajo County	400	42,848	36,982	49,837
Pinal County	410	46,738	37,336	52,853
Santa Cruz County	NA	NA	NA	NA
Yavapai County	770	39,042	33,550	45,136

Notes:

NA = Data not available due to confidentiality requirements.

25th Percentile = Point where 25 percent of workers are earning less and 75 percent are earning more.

75th Percentile = Point where 75 percent of workers are earning less and 25 percent of workers are earning more.

Phoenix-Mesa MA includes Maricopa and Pinal counties.

Tucson MA includes Pima County.

Flagstaff MA includes Coconino County, Ariz., and Kane County, Utah.

Yuma MA includes Yuma County.

Source: *2000 Arizona Employer Wage Survey*, Arizona Dept. Of Economic Security, Research Administration; and U.S. Dept. Of Labor, Bureau of Labor Statistics, November 2001

emergency room patient arriving in the afternoon isn't treated until the wee hours of the morning. Triage nurses examine patients as soon as they can after the patient's arrival (as required by EMTALA), but if the patient's injury or illness is not judged to be life-threatening, any care they may need may be delayed for hours. Moreover, patients who are transported by ambulances may be diverted from going to the nearest

hospital, and instead sent to hospitals further away that are not as crowded.

The problem is, most emergency rooms are crowded, and it is not unusual to be diverted to yet a third hospital or be required to wait in a line of ambulances for a turn to get into an ER. In fact, there were eight occasions between January and April 2001 when all of Phoenix's 29 emergency rooms were simultaneously

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closed and thus diverting all ambulances.¹⁷

Emergency room crowding is caused by constrained outflow, in addition to over-abundant inflow. Hospitals often make ER beds unavailable to new patients because there aren't enough beds in the rest of the hospital for ER patients. The lack of beds is often not a matter of insufficient hospital rooms, but rather insufficient numbers of nurses to provide service to the hospital rooms.¹⁸ A bed is not a "hospital bed" unless there is a nurse to care for the patient that's in it. Recently, Tucson Medical Center had sufficient nurses to staff only 301 of its 609 beds; University Medical Center could staff only 249 of 365 beds; and Tucson's St. Joseph's Hospital had enough nurses for but 181 of its 301 beds.¹⁹

Some Proposed Remedies

At a ceremony honoring Tucson Medical Center nurses last May, Arizona Gov. Jane Dee Hull announced she was putting together a task force to study the nurse shortage and propose solutions. Hull also praised

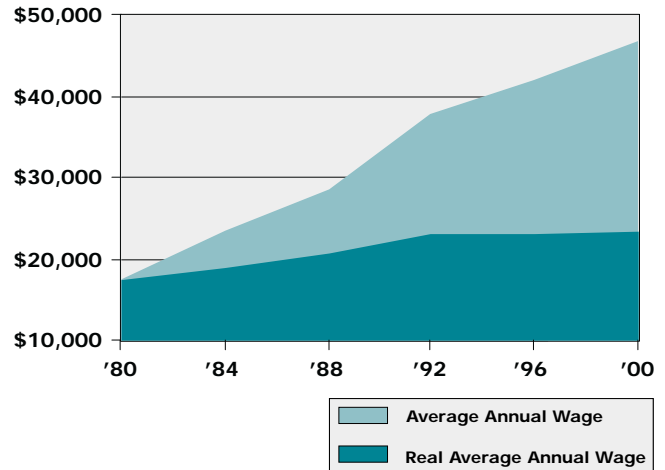
Tucson Electric Power Co. for promising to donate \$150,000 over three years for nursing scholarships at Pima Community College.²⁰

At the federal level, Department of Health and Human Services (HHS) Secretary Tommy G. Thompson announced federal grants and contracts totaling more than \$27.4 million to increase the number of qualified nurses nationwide. HHS' Human Resources and Services Administration will award 94

grants totaling more than \$20.1 million to 82 colleges, universities, and other organizations to increase the number of nurses with bachelor's and

Figure 3

Actual and "Real" Average Annual Salaries of Full-Time Registered Nurses in United States, 2000^(a)

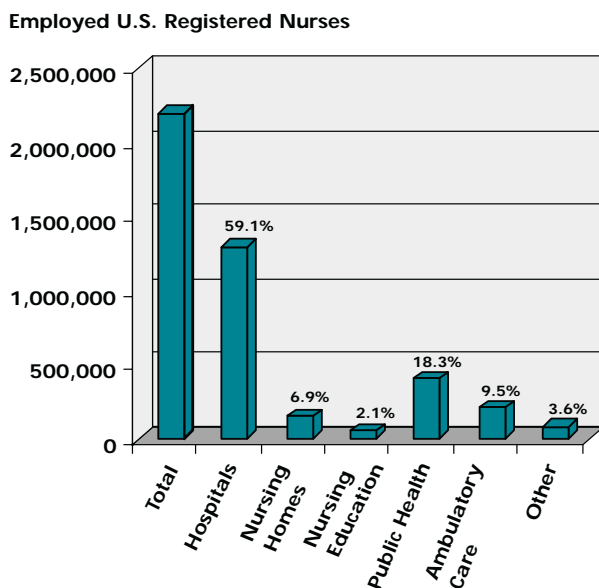


Note: a) "Real Average Annual Wage" = "Average Annual Wage" less inflation as calculated by U.S. Consumer Price Index (CPI-U)

Source: *The National Sample Survey of Registered Nurses*, U.S. Dept. Of Health and Human Services, 2000

Figure 4

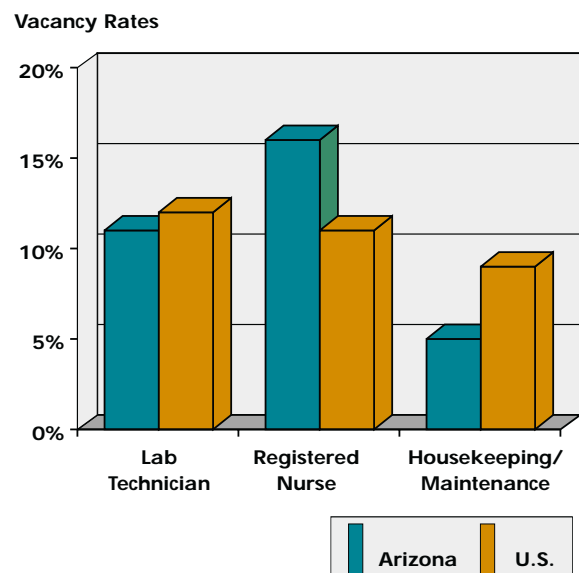
Employment Settings of U.S. Registered Nurses, 2000



Source: Arizona Hospital Association, 2000

Figure 5

Vacancy Rates for RNs vs. Other Positions at U.S. and Arizona Hospitals, 2000



Source: Arizona Hospital Association, 2000

advanced degrees. The money is also intended to help diversify the nurse workforce and prepare more nurses to serve in public health leadership roles. Another \$7.3 million will help repay educational loans of clinical care nurses who agree to work for two years in designated public or nonprofit health facilities facing a critical shortage of nurses.²¹ Arizona State University will receive \$244,147 in Advanced Education Nursing Grants and \$343,652 in Basic Nurse Education and Practice Grants from HRSA.²²

Another federal solution was proposed in the "Nurse Reinvestment Act," a bill introduced in the spring 2001 session of Congress by Senators John Kerry (D, Mass.) and Jim Jeffords (I, Vermont). The bill would create a National Nursing Service Corps, which would require serving two years in a health facility with a critical shortage of nurses in exchange for nursing school scholarships. It would also encourage national and local media campaigns to promote the field of nursing as a career.

A companion bill introduced in the House of Representatives had the support of several national nurse organizations, such as the American Organization of Nurse Executives and the American Health Care Association.^{23,24} In late December, both the House of Representatives and the Senate passed their versions of the Nurse Reinvestment Act, with the differences to be hashed out in a conference committee in 2002.

One private-sector approach to filling gaps in the nursing ranks was advanced by UCI Medical Center, a California health-care facility. It has offered a \$3,000 signing bonus for nurses joining one of its short-staffed specialty units. It also offered a \$500 bonus to nurses who recruited new co-workers. UCI is only one of about 30 California hospitals that have instituted signing bonuses. It was reported that the Kaiser Permanente

Table 2

Major Provisions of U.S. Senate Version of "Nurse Reinvestment Act" Legislation

- ✓ Directs the Secretary of Health and Human Services to establish public announcements to educate the public about the nursing profession, opportunities to receive assistance entering the profession, and the overall need for more nurses;
- ✓ Amends Public Health Service Act to permit the service required by the Nursing Workforce Development Student Loan Repayment program to be performed in a nursing home, hospice, home-health agency, nurse-managed health center, or in a public health department, in addition to facilities where such service may currently be performed;
- ✓ Directs the Secretary of Health and Human Services to establish a National Nurse Corps Scholarship program to provide scholarships to individuals seeking nursing education in exchange for service from such individuals in critical nursing-shortage areas or facilities upon completion of such education;
- ✓ Awards grants to area health education centers to contract with schools of nursing to expand the operation of area health education centers to work in communities to develop models of excellence for school nurses, public health nurses, perinatal outreach nurses, and other community-based nurses, or to expand any junior and senior high school mentoring programs to include a nurse mentoring program.

Source: *Bill Summary, S.1864, as Passed by U.S. Senate, Dec. 20, 2001*

Medical Center in Roseville was offering one of the highest amounts - \$7,500.²⁵

Need a Career? Be a Nurse!

If you want a career that almost guarantees that there will be a job at the end of your training, consider becoming a registered nurse. Despite the shortfall of nurses, the deficiency will be worse as Baby Boomers age and retire. With an aging population, the demand on the U.S. health-care system will grow ever larger.

Notes:

1. "Nurse Shortage Worse in Arizona," *Inside Tucson Business*, Kyle, Schliesman, Internet Edition, October 23, 2001.
2. *2000 Occupational Employment and Wage Estimates*, Arizona Department of Economic Security, Research Administration, Internet Edition, March 2001.
3. "Arizona Nursing Profession Statistics Versus U.S. Averages" Internet report of the AzHHA

Healthcare Institute, October 30, 2001.

4. "Arizona's Workforce Shortage," Internet report of the AzHHA Healthcare Institute, August 2001.
5. "Nurse Shortage Worse in Arizona," *Inside Tucson Business*, Kyle, Schliesman, Internet Edition, October 23, 2001.
6. "NURSING WORKFORCE: Emerging Nurse Shortages Due to Multiple Factors," *GAO Report to the Chairman, Subcommittee on Health, Committee on Ways and Means, House of Representatives*, July 2001, pgs. 6-10.
7. Ibid.
8. "Where's the nurse? Staffs stretched too thin." *American Medical News*, Internet edition (amednews.com), Stephanie Stapleton, June 18, 2001.
9. "Salaries of nurses around the world," *THE TIMES*, (e-services edition) August 17, 2001.
10. "Where's the nurse? Staffs stretched too thin." *American Medical News*, Internet edition (amednews.com), Stephanie Stapleton, June 18, 2001.

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Immigration-Only Policy is “Band-Aid” for RN Shortage, Some Officials Say

Over the past decade, Congress has attempted to address nursing shortages through changes in immigration law to allow more foreign-born nurses to enter the country. In many cases, these changes have helped mitigate — at least temporarily — the shifting occupational demand of the health care industry. But despite these measures, various sectors of health services (e.g., hospitals) continue to have problems attracting workers for reasons detailed in the accompanying article.

Several critics of changes in immigration policies — to solve actual or perceived nursing shortages — believe that Congress has only put a “Band-Aid” on structural problems in the health industry. Instead of modifying immigration law every time someone yells “shortage,” policymakers should look to long-term solutions. “If we constantly pass legislation that provides short-term fixes | to cycles of workforce demands, we never address the real problems — developing a work force that’s there when you need it,” according to two critics of recent legislative policy.¹

In addition, it’s questionable whether legislation enacted in the late 1980s and early ‘90s to import foreign nurses significantly helped lessen a nursing shortage, said a Labor Department official. “... by the time INRA (Immigration Nursing Relief Act of 1989) was enacted, the national shortage of the mid-1980s had begun to abate ...,” said John Frasier, testifying before a U.S. House Subcommittee on Immigration in 1997.²

The legislation the Labor Department official referred to created a special temporary H-1A visa category for RNs to attract foreign nurses to this coun-

Table 1
Highlights of Nursing Relief Act of 1989

Reasons for Legislation

- √ Reports of a nationwide shortage of nurses;
- √ Increasing dependence on foreign temporary nurses admitted under other visas; and pending expiration of work authorizations for many existing temporary foreign nurses admitted under other programs;
- √ Concern foreign nurses were detrimentally affecting pay and working conditions of domestic nursing workforce;
- √ Declining numbers and quality of applicants to basic nursing education programs.

Major Provisions

- √ Allowed foreign nurses previously admitted on temporary (H-1B) visas to convert their status to legal permanent resident;
- √ Created new temporary nursing visas for nurses (H-1A) that included provisions intended to: encourage employers to reduce their dependency on foreign nurses; provide protection for wages and working conditions of nurses who are citizens and legal permanent residents of the United States; and foster the development of a stable pool of domestic RNs so that future shortages could be minimized;
- √ Mandated that any hospital that hired a non-immigrant nurse file an attestation showing it had attempted to recruit and retain U.S. citizens or resident aliens who were registered nurses.

Results of Legislation

- √ 50 percent increase in number of foreign nurses to about 100,000, but only 1 percent of U.S. nurse workforce;
- √ Foreign nurses using program were heavily concentrated in a few metropolitan areas — one-third in New York City; and two-thirds in New York City, Chicago, Houston, Los Angeles, and Dallas combined — helping to mitigate tight nurse labor market in those areas;
- √ “Attestation” procedures required of employers were ineffective; it was difficult to verify vacancy rates used to justify need for H-1A nurses; and requirement that “employers take timely and significant steps to recruit and retain U.S. nurses was ineffective because it did not require any new steps” beyond those that most employers had long practiced.

Source: Sacks & Kolken, *Immigration Lawyers*

try. The change allowed the admission of nonimmigrant registered nurses during a five-year pilot period that ex-

pired in September 1995 (see Table 1). Prior to enactment, severe shortages (above 20 percent) were reported in

major urban areas of the country (about 12 percent in Arizona).

Over the course of the law, between 35,000 and 40,000 nonimmigrant RNs — primarily from four countries (Philippines, Canada, United Kingdom, and India) — took advantage of the program. In addition, between 1992 and '96, the number of employed RNs overall increased 14 percent (300,000).³ During the same time, however, the number of RNs working in hospitals — an area which continues to claim it has shortages — increased only 3 percent, while the percentage of the 2.1 million RN workforce that worked in hospitals in 1996 declined to 60 percent from 67 percent in '92 (see Figure 4 in related story).⁴

Some of the reasons for RNs' move away from hospital employment during the '90s, according to an article in *Texas Nursing*, were: flat wage growth due to the influx of foreign nurses into the country accepting entry level salaries; a restructuring in the hospital industry between 1993 and 1997 that led to attrition and layoffs; and a lack of recruitment efforts to attract potential nurses from among minorities, men, and qualified high school graduates.⁵

Another event that opened the "immigration door" — and affected the occupational mix — for RNs during the '90s was passage of the North American Free Trade Agreement (NAFTA). With the implementation of NAFTA in 1995, the United States began allowing larger numbers of RNs from Canada and small numbers of RNs from Mexico to work in the country through the H-1B visa program.⁶ With the requisite education and training, an unlimited number of nurses from either country can work for up to a year in the U.S., before having to renew their visas. In the first two years of the program, more than 12,000 Canadian nurses took advantage of the program, while a significantly smaller number of RNs came to work from Mexico.⁷

Table 2

Major Provisions of Nursing Relief for Disadvantaged Areas Act of 1999

Requirements for Qualification

Full and unrestricted license as a nurse in home country or have been educated in the United States;

pass an appropriate examination (to be determined by HHS), or have a full and unrestricted license to practice as an RN in the state of intended employment;

must be fully qualified and eligible under all state laws and regulations to practice as an RN in the state of intended employment immediately upon admission to the United States.

Attestation by Employer

Requires facilities hiring H-1C nurses to file an attestation with the Department of Labor that:

employer is a hospital (as defined under Section 1886(d)(1)(B) of the Social Security Act)* and located in a designated health professional shortage area as of March 31, 1997; has at least 190 acute care beds, and that, since 1994, has had at least 35 percent of its patients entitled to Medicare, and at least 28% Medicaid;

employment of nurse will not adversely affect wages and working conditions of similarly employed nurses, and nurse will be paid the same rate as other registered nurses similarly employed at the facility;

facility has taken and is taking timely and significant steps to recruit and retain U.S. citizen or immigrant registered nurses.

Period of Admission

H-1C nurses may be admitted for three years. No extensions are provided.

Annual Caps

Up to 500 H-1C visas may be issued each year;

States with less than 9 million in population as of 1990 can not have more than 25 visas annually; states with more than 9 million can have no more than 50 visas annually.

Conditions of Work for H-1C Nurses

H-1C Nurses must receive wages and working conditions commensurate with other nurses similarly employed at the facility;

H-1C Nurses shall work hours commensurate with those of other nurses employed at the facility.

Source: Sacks & Kolken, *Immigration Lawyers*

Immigration of RNs due to NAFTA and the 1989 law, coupled with growth in RN graduates (see above) during the early '90s, appeared to solve any RN shortage by 1997, according to testimony of Frasier before a House Subcommittee investigating the need for a law to replace the expired nursing legislation of 1989. "... there is no nationwide shortage of nurses and any recruitment problems that do exist are confined to certain localities or in certain nursing specialty areas — a very narrow problem that can be addressed without expanding current immigration law," said Frasier.⁸

Still, legislation was introduced twice more during the 1990s — failing in 1997 and passing in 1999 — to increase foreign immigration of nurses. In the Nursing Relief for Disadvantaged Areas Act of 1999, a new, more limited H-1C visa category was created (see Table 2). The legislation put a cap nationally of 500 H-1C visas per year and limits states with a population of 9 million or greater to 50 visas and states with fewer than 9 million residents to 25 visas annually.⁹

However, several reports suggest the current legislation has been woefully ineffective and isn't being used because of bureaucratic delays. In the first 1½ years of the 1999 legislation, not one nurse had obtained H-1C status because of the slowness in issuing implementing regulations by the Labor Department and the Immigration and Naturalization Service.¹⁰

But there are other ways to treat the nursing-shortage "epidemic" that appears to come and go every few years, without resorting to legislation, say nursing officials. Out of the 1980s shortage, a 1988 task force created by the Texas Nurses Foundation developed a set of recommendations to combat this festering problem.¹¹ Among ideas suggested were:

- increasing recruitment efforts among minorities, men, second careerists, and qualified high school graduates;

"We must remember that short-sighted supply relief strategies have resulted in repeated cyclic shortages, which have only addressed symptoms and not the disease."

— *Stephanie Tabone, RN*
Director of Practice
Texas Nurses Association

- improving faculty salaries to attract adequate numbers of qualified educators to meet enrollment needs for increased supply;
- expanding and developing programs in specialties that were experiencing acute shortages;
- giving education subsidies that encouraged nontraditional students to consider nursing;
- and adequate salary advancement to support lifetime career decisions toward registered nursing.

Summing up the thoughts of the commission in an article in *Texas Nursing* magazine, Stephanie Tabone, RN, Director of Practice for the Texas Nurses Association, articulated why there is a need for a long-term approach to solving the problem of nursing shortages.

"History makes it clear that it is important to the profession of nursing and to the patients and communities served that together the nursing profession and the health care industry develop a future supply and demand policy which supports a stable nursing workforce. That workforce may be a combination of domestic and foreign nurses but it must promote development of a model, which is evidence-based rather than crisis managed. We must consider the fact that

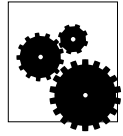
increasing demand globally for health care will increase competition for foreign exchange of workers worldwide. We must remember that short-sighted supply relief strategies have resulted in repeated cyclic shortages, which have only addressed symptoms and not the disease."

Notes:

1. "Nurses with Visas, Why are nurses coming to the States to work?," Megan Flaherty, *Nurseweek.com*, March 15, 1999.
2. John R. Fraser, Acting Wage and Hour Administrator, Employment Standards Administration, U.S. Department of Labor, in testimony at a U.S. House of Representatives' Subcommittee on Immigration and Claims concerning the "Health Professional Shortage Area Nursing Relief Act of 1997," Washington D.C. Nov. 5, 1997.
3. Ibid.
4. Ibid.
5. "Thoughts on Nurse Shortages," Stephanie Tabone, RN, Texas Nurses Association Director of Practice, *Texas Nursing Magazine*, October 1999.
6. "Nurses with Visas, Why are nurses coming to the States to work?," Megan Flaherty, *Nurseweek.com*, March 15, 1999).
7. Ibid; Lower training requirements to become nurses in Mexico, hinder efforts by RNs from south of the border to take jobs in the U.S., according to several officials.
8. U.S. House of Representatives' Subcommittee on Immigration and Claims concerning the "Health Professional Shortage Area Nursing Relief Act of 1997," Washington D.C. Nov. 5, 1997.
9. "Senate Subcommittee Hears Testimony on Shortage of Healthcare Professional, Examines Immigration Options," *Interpreter Releases*, ImmSpec.com, May 25, 2001.
10. Ibid.
11. "Thoughts on Nurse Shortages," Stephanie Tabone, RN, Texas Nurses Association Director of Practice, *Texas Nursing Magazine*, October 1999. **AET**

— *Brent Fine*
Arizona Economic Trends Editor

Industry Update



Phoenix Metro Area

Manufacturing

The Valley's east side continues to get hammered by softness in the high-tech sector. Chandler-based **SpeedFam-IPEC** said it will **cut 20 percent** of its **worldwide workforce**, with most of the **160 jobs** coming from its local operations. It's the fourth round of layoffs, totaling about 650, for the maker of computer chip manufacturing equipment. At the beginning of 2001, SpeedFam had 1,200 workers companywide.

With severe weakness in the economy, along with new pollution restrictions and user fees, demand for high-performance sport and cruise boats has fallen, according to an article in the *East Valley Tribune*. Bearing the brunt of that news is a 30-year-old **Tempe boat plant**, which is **closing and laying off 370 people**. Tennessee-based **Sea Ray Boats** announced in late October the closure of its Arizona facility, which produced about 2,000 boats a year.

As more evidence of a high-tech slowdown, Phoenix-based **Avnet Inc. eliminated 400 positions**, including about **100 in the Valley**, in early October. The cuts bring to 2,000 the number of jobs reduced in Avnet's North American operations in 2001, of which 400 have come from Phoenix-area facilities. The manufacturer and distributor of computer components employs about 13,000 people worldwide, including 3,000 in the Valley.

The **hits (to employment)** keep coming at **Motorola's operations**. In about the 10th layoff announcement in the past year affecting nearly 40,000 employees worldwide, the Schaumburg, Ill.-based electronics manufacturer **eliminated 400 jobs** from its **Tempe-based Computer Group** in early November. Continued weakness in customer orders, partly brought on by the Sept. 11th terrorist events, contributed to the cuts, **300** of which will **affect Valley employees**. Motorola's Computer Group — which now employs 1,600 people worldwide (1,250 in the Valley) — makes computer parts for communications, military, and medical equipment. The division's previous **plans for building new facilities in Tempe** have also been **scrapped**. All told, several thousand jobs have been eliminated across various Motorola operations in the Valley in the past year; the company announced it will shut down its Mesa semiconductor operations over the next two years; and its Scottsdale-based Integrated Information Systems Group was sold to General Dynamics in August. 2001 has been a year to forget.

The city of Gilbert recently received **some good and bad employment news**. Somewhat appropriately, a **Silicon Valley company** that makes **pollution-control devices for automobiles** will bring **about 150 high-paying jobs**

to the Valley when it relocates to Gilbert next year.

Catalytica Systems, which develops "cool combustion" technology that almost eliminates nitrogen oxide emissions, will have a \$32 million payroll and **an average annual salary of \$80,000**. No information was available on how many job openings will be available locally. Meanwhile, as part of a consolidation of its North American operations, a **Swiss-based telecommunications company** will **close** a four-year-old **cable assembly plant** in the east Valley city, **laying off 40 employees**. **Huber+Suhner**, which already closed a Canadian plant, will move Gilbert operations to an expanded plant and warehouse in Vermont.

Due to the high-tech slowdown, a Phoenix-based **maker of printed circuit boards and electronic components** for the aerospace, semiconductor, and telecommunications industries **laid off** about **150 employees**, or 10 percent of its workforce, in mid-December. After the reductions, **EFTC Corp.** will employ about 1,000 workers in the metro area. EFTC's revenues for the third quarter of 2001 were down about 3 percent from the same period a year earlier.

A Texas **prepackaged food manufacturer**, which has a plant in the Valley, will **move its corporate headquarters** from a suburb of Austin **to Phoenix early next year**. **MarketFare Foods Inc.** will **relocate about 20 employees** to its 54,000-square-foot manufacturing facility near Phoenix Sky Harbor International Airport. The plant, one of four in the country, currently employs about 120. MarketFare sells fresh and frozen sandwiches, Mexican meals, and other products to convenience stores, airlines, and food-service operators. Initially, MarketFare doesn't expect to hire any additional employees locally.

A deal signed between **Honeywell International's Engine Systems and Services** unit and Rolls Royce may **provide additional job security** for some Tempe workers, in a time of uncertainty. Honeywell said it **doesn't expect any additional jobs** to be created by a potential **\$1 billion contract** it inked to **provide pneumatic systems for Rolls Royce engines** used on future **Airbus A380 jumbo jets**, which will debut in 2006 and carry 555 passengers. But the potential 25-year deal will offer some peace of mind to aerospace workers who have felt the brunt of the economic fallout since September 11th.

Fender Musical Instruments opened its 55,000-square-foot **headquarters** in early December at the **Chaparral Business Center**, Loop 101 and Chaparral Road, on land owned by the Salt River Pima-Maricopa Indian Community. The move for the company's 130 employees was only a few miles from its previous headquarters in Scottsdale, but will provide Fender with lower expenses and more cost efficiencies. Fender expects **only a few new employees** will be added at the new site, but additional jobs could be forthcoming if the company acquires additional businesses.

Fender, which moved from California to Scottsdale about 10 years ago, has manufacturing plants in California and Mexico.

It's beginning to sound like a broken record, as **Motorola** announced it would **eliminate 9,400 jobs** in 2002, bringing to more than 48,000 the number of worldwide positions it will have cut since August 2000. About **4,000** of the latest reductions will occur in Motorola's **Semiconductor Products Sector**, with 1,300 in equipment manufacturing operations, and 4,100 across all other divisions. The effect in Arizona is still unknown, but it's likely that a previously planned **closure** of a **Mesa chip-manufacturing facility** over the next 2½ years **may be moved up**. Currently, the Schaumburg, Ill.-based electronics company employs about 11,000 Valley workers, with 7,000 employed in semiconductor operations.

Construction

Although residential and commercial real estate activity in the Valley has slowed and industrial vacancy rates are rising, **several major projects** are currently **under way** or are **expected to continue** as scheduled. ... **Del Webb Corp.** was expected to start work in mid-November on the **last phase of Sun City Grand**, an active-adult retirement community in the northwest Valley. Begun in 1996, the fourth phase of Sun City Grand will encompass 3,200 homes on 1,100 acres. When complete, the retirement community will include 9,500 homes, an 18-hole golf course, and a \$10 million recreation center. ... Halfway complete, **work continues** full steam on the \$300 million **Desert Ridge Marriott** in northeast Phoenix. With an expected completion date of November 2002, the 950-room hotel will be the **largest in the Valley** and be part of a 5,723-acre mixed-use project bounded by Deer Valley Road, Pinnacle Peak Road, 56th Street, and Tatum Boulevard. The hotel, which has \$60 million in advance bookings, will feature two 18-hole golf courses, nine restaurants, and one-half the exhibition space of the Phoenix Civic Plaza. The retail aspect of the project, the 108-store **Desert Ridge Marketplace** (which includes a Target Greatland), is **complete** and opened in early December. About 2,100 of the planned 18,000 single-family homes in Desert Ridge have been completed, with work on 1,500 more homes expected to begin in spring. ... Meanwhile, a few miles south near Scottsdale Road and Greenway Parkway, **work** on the 750-room **Westin Kierland Resort** **continues** as scheduled with a similar timetable for completion as the Desert Ridge Marriott. The resort, which will include 27 holes of golf and 60,000 square feet of meeting space, is **part of** a 730-acre **Kierland master-planned community** that includes a residential component, as well as a retail and office segment. The latter, a 450,000-square-foot retail and office development called **Kierland Commons**, is **nearing completion** on the **second of three phases**. When all three phases are complete there will be more than 50 stores and restaurants that will have the look and feel of a small-town "Main Street."

Despite a slowdown the final quarter of this year, 2001 will likely set a record for single-family building permits in the Phoenix metro area. Through the end of October, nearly 32,000 building permits had been issued, up about 5 percent over the same period a year earlier. The record for single-family permits is 36,001, set in 1998. Low mortgage rates (down 1 percentage point from October 2000) are credited with fueling the building binge.

Trade

Apparently Arizona's "high rollers" haven't been affected by the economic slowdown. **Mercedes-Benz** announced that a **former AutoNation USA dealership in Chandler** would become the German carmaker's **largest dealership and service center** in the country when it opens in March. The 24-acre site at Interstate 10 and Ray Road has been vacant since AutoNation, a new and used car dealer, divested itself of 23 mega-stores in 1999. Mercedes-Benz was attracted to the area because of the number of young executives living in the southeast Valley. It will be company's third Valley dealership.

Just a short hop down the road, the nation's **largest wood furniture maker** recently **opened a store in Chandler** (855 N. 54th St.), the **first of four planned Arizona retail stores**. Kincaid, a 55-year-old North Carolina-based company that has 17 furniture factories and 13 stores (including the Chandler location), expects to **open a second outlet in north Scottsdale** (Summit at Scottsdale shopping center) **in June**. Known for its high-quality products made out of solid wood, Kincaid is now a subsidiary of La-Z-Boy Furniture Co., but has kept its own name and management team.

Transportation, Communications, and Public Utilities

Tempe-based **America West Airlines** received **tentative approval** in late December for **\$380 million in federal loan guarantees**, which will likely keep the air carrier flying and its more than 10,000 Valley workers employed for the foreseeable future. The loan guarantees — which will enable the airliner to secure more than \$1 billion in other loans and concessions from suppliers — are contingent upon the airliner keeping its labor costs under control. The federal edict will likely give America West, which has been in negotiations with its pilots union for almost two years, more leverage in dealing with all of its employee bargaining units.

Finance, Insurance, and Real Estate

Despite a wobbly stock market, St. Louis-based **Edward Jones** is on schedule for the **first phase** of a three-building, 300,000-square-foot **campus at Arizona State University's Research Park in Tempe**. Jones has **hired about one-third of a planned 325 employees** for the **first building**, with **1,000 employees** expected to be hired for the **entire campus** when all three buildings are complete. In addition, the brokerage has purchased a 98,000-square-foot building at the research park (formerly occupied by Motorola University) to use for training its employees. Among full-time positions be-

ing filled are operational support and services, call support, trainers, and information technology.

Due to continued weakness in tourism and corporate travel expenditures, **American Express** will **cut 5,500 to 6,500 jobs, mainly** from its **Travel Related Services division**, over the next several months. Including a cut of 7,700 jobs in July, when this newest reduction is complete, New York-based American Express will have eliminated about 15 percent of its worldwide workforce. American Express, which is still proceeding with plans to build a three-building complex in northeast Phoenix, employs more than 9,000 Valley workers, with a majority working in the travel division. No information was given on how many Valley employees may be affected by the new cuts.

Trying to capitalize on legislation recently passed by the state, a California-based **financial services company** is **opening three new Valley locations** (bringing its total to five), with five additional stores planned. With more than 40 locations across the Southwest, **MoneyPro** hopes to take advantage of a new Arizona law allowing higher interest rates on short-term payday loans. MoneyPro also specializes in checking cashing, money transmittal, and secured and unsecured cash advances.

Services

For different reasons, **two Valley call centers will close by spring 2002, costing about 1,200 jobs.** Citing improved productivity among all of its customer-service operations, **Bank One Corp.** announced it will **close its First USA credit card operation in Tempe** by the **second quarter of 2002.** A two-thirds reduction in calls received at the 750-employee Tempe facility led to the decision to close and have remaining operations shifted to Pennsylvania and Delaware call centers. Bank One, which employs 8,900 people in Arizona, will attempt to find jobs for laid-off workers in other areas of the company. On the other hand, the weakening economy was the reason given by **Cendant Corp.** to **close by April its Phoenix reservation center**, which **booked rooms** for **Ramada** hotels. About **450 workers will lose their jobs**, with a few being offered a chance to relocate to New Jersey.

An **experimental cancer-treatment center** was expected to **open** on the campus of Scottsdale Healthcare Shea hospital, 92nd Street and Shea Boulevard, **in early January.** The 104,000-square foot **Virginia G. Piper Cancer Center at Scottsdale Healthcare**, which will offer up to 125 experimental treatments (Phase 1 and Phase 2) at a time, will house a branch of the Arizona Cancer Center, which is based at the University of Arizona Cancer Center in Tucson. The four-story cancer treatment building will house physician offices, radiation therapy, chemotherapy, clinical trials, and blood and bone marrow transplant facilities.

Government

A **suit** was **filed** in early December on **behalf of nearly 50 former employees** of the **Fountain Hills Fire District**, which was dissolved by the Fountain Hills Town

Council in late October. The suit alleges that the city did not have the power to dissolve the fire district, which was created in 1977, because a portion of the district lies outside the boundaries of Fountain Hills. Forty-seven employees of the fire district lost their jobs when the Town Council passed an emergency measure to dissolve the fire district and create its own fire department.

Toyota Financial Services opened a **customer-service center** in Chandler in early December. The high-tech call center, which will **employ more than 360 by March**, is one of three in the country that handle loans and leases on Toyota and Lexus automobiles. About **165 jobs** will be **available** locally, with the rest of the workforce relocating from other Toyota financial operations.

Miscellaneous

By a large percentage, **Phoenix voters approved** a \$600 million **expansion** of the **city's Civic Plaza.** Phoenix plans to borrow half of the money it needs to expand the facility to 1.5 million square feet, and ask the state to contribute the rest. The latter may prove difficult because the state has a \$1.6 billion budget shortfall. But the Civic Plaza, originally completed in 1972, currently contributes an estimated \$24 million annually in tourism taxes to Arizona's general fund. The expansion is expected to double that amount.

Tucson Metro Area

Manufacturing

Big D Construction Corp. has begun work on a \$100 million plant for **Slim-Fast Foods Co.** on 85 acres near Interstate 10 and Rita Road. West Palm Beach, Fla.-based Slim-Fast is expected to **open** the 100,000-square-foot technically advanced **facility next July, employing more than 135 workers.** Along with producing ready-to-drink shakes, the facility will act as a distribution center. Slim-Fast Foods is a subsidiary of consumer products giant Unilever NV of England.

A neighbor of Slim-Fast, **IBM** will **create an unknown number of jobs** when it invests \$100 million next year in its Rita Road plant to **build the next generation of data-storage devices.** The money will be put into "key skills" positions in the areas of research and development and manufacturing. The IBM plant, one of the company's data-storage facilities, currently employs about 1,600 workers.

A California-based **plastic-injection-molding manufacturer** will **close** its **Tucson production facility** in December, **eliminating about 100 jobs.** **AMA Plastics**, which will transfer up to 25 employees to its Corona, Calif., plant, blamed a slowing economy for the layoffs. About **10 workers will remain in Tucson** to staff a distribution, engineering, and sales office. About three-fourths of the laid-off workers, who will receive a severance package, earned between \$6 and \$10 an hour. AMA is the second major plastic molding company to abandon operations in

Tucson in 2001. Earlier in 2001, Cincinnati-based Plastic Moldings Inc. abandoned plans to expand to Tucson after building a large manufacturing facility.

Mining

Slumping copper prices were expected to lead to the **lay-off in early January of 90 workers at Asarco's Mission Mine complex in Green Valley** (see related story in "Balance of State"). Most of the personnel cuts were hourly workers. After the layoffs, Asarco will employ about 450 workers at the Mission complex, plus 1,300 at the Ray mine and Hayden smelter near Kearney, and 120 at its Silver Bell leaching operation in Marana.

Construction

Sundt Construction has been awarded the **contract to double the size of Tucson International Airport's terminal**. In an attempt to save money and increase quality, Sundt will work on the \$30 million to \$40 million project using a "construction-manager-at-risk" delivery method. The process allows contractors and architects to work together with an owner or tenant from the beginning of the project. Included in the project are an 80,000-square-foot expansion of the ticketing and baggage claim area, additional bathrooms, added space for gift shops and lounge areas, and observation decks. Work will be completed by late 2003 or early 2004.

A planned 52-acre **Ritz-Carlton resort** in Oro Valley (north of Tucson) has been **put on hold** due to the collapse of the tourism industry, brought on by the Sept. 11th events. Work was expected to start in November on the \$100 million hotel project, which included 320 rooms, 50 casitas, spa, and banquet and dining facilities. No timetable was given for resumption of the development.

Transportation, Communications, and Public Utilities

A roll out of **new bargain fares** caused **American Airlines** to **recall 800 reservation agents** nationwide in mid-December, including **120 at a Tucson center**. American laid off reservation clerks as part of a 20 percent reduction in staff after the Sept. 11th terrorist attacks.

Finance, Insurance, and Real Estate

The **fourth local bank to open in Tucson** since 1995 will begin operation next June. Commerce Bank of Arizona Inc., which has already received state approval, will open its first location at 3805 E. Broadway. A second location is planned for the end of 2002. Other Tucson-area community banks to open since '95 are Bank of Tucson, Southern Arizona Community Bank, and Canyon Community Bank.

Trade

Work has begun on renovating a 40-year-old, **50,000-square-foot retail and office center** that now sits mostly empty. With work expected to be **completed by spring**, **Midstar Plaza** (formerly Midtown Plaza), East Broadway and Swan Road, will get a new facade, signs, roof, doors, windows, outdoor lighting, and parking lot. Several of the current tenants, including a Computer City, expect to re-

main at Midstar. Nine thousand square feet of office space on the building's second floor will also be refurbished. Two other retail mainstays of Tucson — El Con Mall and Park Mall (now Park Place) — have had multi-million dollar makeovers in recent years.

In an attempt to gain on the No. 1 competition (Walgreen's) and reduce costs of building separate stores, **Tucson** has become a **test market** for the **conversion of Albertson's Inc. supermarkets into a combined grocery store and drug store called Albertson's Osco**. At a cost of \$2 million, **seven Albertson's locations** have been **converted** into something similar to a Wal-Mart superstore, but the combined Albertson's and Osco stores are separate entities, each having its own manager. In other markets, the Boise, Idaho-based chain will combine Albertson's grocery stores with Sav-On drug stores. **Walgreen's**, which has 30 stores in Tucson, isn't sitting idly by; it's **adding three stores** in Tucson by March. Osco now has 21 locations in the Old Pueblo, including 14 freestanding stores.

Services

Hurt by a soft travel and leisure industry, **Spherion Corp.** was expected to **close one of its Tucson call centers** by the end of November, **laying off 325 workers** as part of a nationwide cutback of 500 jobs. One of the better paying customer-service operations in the area, Ft. Lauderdale, Fla.-based Spherion provides corporate travel services for companies such as American Express and IBM. This is the second major job-reduction event in 2001 for Spherion, which laid off 700 people nationwide last April.

The Tucson area received some early holiday cheer when the state **Legislature passed a bill** in early December to help **bail out two ailing level 1 trauma centers**, which had threatened to close their doors due to a \$5 million loss. HB 2007 provides one-time funding of \$4.3 million to reimburse losses associated with trauma center readiness at Tucson Medical Center and University Medical Center. An additional \$500,000 will be contributed by the city of Tucson and Pima County. Arizona has seven level 1 trauma centers — which provide 24-hour emergency care for patients with life-threatening injuries — with the other five in the Phoenix metro area. Unrelated to the trauma center bailout, but certainly good news, was a recent announcement that an **\$85 million hospital and medical office center** is expected to **open in Oro Valley in early 2004**. **Construction** of the 180-bed hospital, which will be managed by **Northwest Medical Center**, will **begin in late 2002**. The population of Oro Valley, about 20 miles north of Tucson, more than quadrupled between 1990 to 2000, to just fewer than 30,000.

Government

Barring a last-minute reprieve for a Pima pineapple cactus or a pygmy owl, the **federal government** has decided to **build a \$100 million prison** for minimum- and high-security inmates in Tucson next to two other prisons (one state, one federal). The **federal Bureau of Prisons** signed an agreement in late November to construct the facility on

627 acres on Wilmont Road (south of Interstate 10), just north of the Arizona State Prison Complex-Tucson and west of the Federal Correctional Institute. Not opening until 2005 — partly due to environmental studies (see above) — the federal prison is **expected to employ about 400 workers**, with about 60 percent hired locally. But in addition, the prison expects to **hire about 500 construction workers** during a 30-month building phase.

Miscellaneous

Up to **400 Pima County residents** will be **eligible for training for information technology jobs**, under a \$3 million grant provided by the U.S. Department of Labor to the county. Those eligible for the two-year program — which will be offered through eight educational institutions — will be unemployed, underemployed, older youth entering the workforce, and single parents. For more information on the high-tech skills program, which was expected to start in late January, call Bonnie Jo Gain at 520-629-0450.

Balance of State

Manufacturing

The **acquisition of General Cable Co.** by Georgia-based **Southwire** in late October should **eventually lead to the expansion of jobs** at a former General Cable **facility in Kingman**, the company said. Currently, the northwest Arizona plant, which makes a variety of building wire products used in residential, commercial and industrial construction, **employs 180**. Southwire, which with the acquisition is now North America's largest producer of building wire, expects to invest \$2.5 million in the Kingman plant and **expand production from five to seven days**.

A **slowing economy** and the Sept. 11th **terrorist attacks** almost "shut the door" on a **cabinet door maker's plans to move** the business **from Chandler to Payson**. But instead, **The Door Stop** will **hire one-third fewer workers** and delay constructing office space when it begins training the first of the year, its owner said. The company, which is building a **30,000-square-foot plant** at **Sky Park industrial park** near Payson Municipal Airport, **initially will hire 50 production workers** (earning between \$7.50 and \$12 an hour), instead of a projected 75. In addition, **10 supervisors** will earn between \$27,500 and \$40,000 annually. The Door Stop expects its **facility to open in June**.

Cutbacks at Arizona mining operations (see related stories) are causing **layoffs and reduced hours** for employees at **Apache Nitrogen Products Inc.** (ANPI) near Benson. The 80-year-old company, which **cut a half-dozen employees** from its staff of 80 in early November, manufactures nitrate-based explosives used in mining and agriculture. Products for the two industries provide \$35 million annually in revenue for ANPI.

A **Douglas company** that makes cheeses geared for the Hispanic market **expects to expand operations** in February. **Las Tres Rosas Dairy Products**, which currently only

has 10 employees, maxed out its capacity (60,000 pounds a week) late this year after it began specializing in making private-label cheeses for wholesalers a year ago. Tres Rosas expects to increase capacity **by adding new equipment (and likely additional staff)** over the next several months.

TRW Tactical Systems plans to **expand** its existing **Sierra Vista operations**, more than doubling the size of its current 28,650-square-foot manufacturing facility on Enterprise Way and **adding 250 people** to its current workforce of 115. Cleveland-based TRW announced in early December it would use the added space to support hardware products it makes for the U.S. Army and Marines. The expansion project is not related to 120 TRW employees at nearby Fort Huachuca that work on the Hunter unmanned aerial vehicle.

Mining

Due to a continued depressed copper market, Phoenix-based **Phelps Dodge Corp.** was expected to **lay off more than 1,400 workers** at mines and refineries in Arizona and New Mexico by mid-January. **More than half of the cutbacks (790)** will occur **in Arizona**, with the temporary closure of a mine and smelter in Miami, Ariz., and the 50 percent reduction in operations at the Sierrita and Bagdad mines near Green Valley and west of Prescott, respectively. The rest of the layoffs will occur at Phelps Dodge's Chino mine and refinery in southwest New Mexico. In recent years, several thousand mining jobs have been lost in Arizona, primarily due to the drop in the price of copper.

For the same reasons Asarco gave for laying off workers at its Green Valley mining complex (see "Tuscon Metro Area," above), the state's other major mining company, Phelps Dodge, **laid off a like number of workers at its Morenci operation** in mid-November. The reductions in force leave the mine with 2,200 workers, down from 2,500 three months earlier. About two-thirds of the employees at the Morenci mine live in Greenlee County, with the other third residing in Graham County.

Construction

In small towns with pastoral names such as Church Rock and Springstead, **work began in early December** on an **\$180 million housing project** five miles east of Gallup, N.M. (25 miles east of the Arizona border), that could create more than 900 single-family homes for Navajo Reservation residents. The Navajo Housing Authority and Fort Defiance Housing Corp. are expected to **employ around 200 construction workers** during the **five-year building phase**, with **40 to 50 permanent housing management positions** created after construction is complete. Most of the homes will have three or four bedrooms, air conditioning, and grass lawns.

The **expansion and modernization** of a **Phoenix Cement plant** in **Verde Valley** will necessitate the **employment of 350 workers through next October**. **Zachry Construction Group** is in charge of the \$115 million pro-

ject, which includes adding a new rotary kiln, new raw roller and finish roller mills, and two new \$6.2 million clinker domes. Phoenix Cement has owned the plant since 1957 and employs 150.

A proposed **1,200 single-family home community** in **Chino Valley** (about 20 miles north of Prescott) appears headed for approval, according to a newspaper report. **Granite Investment and Development LLC** expects the 391-acre **Meadow Ridge Ranch**, which will house nearly 3,000 residents, will generate economic activity of \$130 million to \$170 million annually. If approved by the town of Chino Valley, Granite expects the planned community to **open in summer 2002**, with a complete build-out by 2010. Approval is likely because the developers plan to build an "environmentally sensitive" project, with "meandering trails" and "low-impact traffic," the *Chino Valley Review* reports. A small **commercial project**, including a coffee shop and medical complex, is **also anticipated**, the newspaper says.

Transportation, Communications, and Public Utilities

By a 3 to 0 vote, the **Arizona Corporation Commission (ACC)** **turned down a proposal** to build a \$400 million, **720-megawatt power plant near Wikieup** because of environmental concerns. It was the first time the ACC had voted down a permit for a power plant. Ranchers, environmentalists, and the Hualapai Indian Community fought the project, which would have brought needed jobs to the area, by **developer Caithness Big Sandy LLC**, primarily because of fears it would affect the flow and habitat of the Big Sandy River. The developers now plan to find another use for the 2,000 acres about 50 miles southeast of Kingman.

Construction of a **1,000-megawatt, natural gas-fired power plant** near the **town of Bowie** (100 miles east of Tucson off of Interstate 10) is one step closer to reality after a state Power Plant and Transmission Line Siting Committee voted 9 to 1 to approve the facility in mid-December. The Arizona Corporation Commission will have 60 days to approve or reject an application for Bowie Power Station, LLC, which would produce enough electricity to power 500,000 homes in southeastern Arizona and Tucson. If approved, an **average of 250 workers** will be needed **during a 22-month construction phase**, and **35 to 40 full-time workers** will be hired to operate the plant when it opens in late 2004. Bowie Power Station, LLC, is a subsidiary of SouthWestern Power Group II, LLC.

Amtrak has **chosen** Phoenix-based **Open Road Tours** to replace Nava-Hopi Bus Tours to provide tour service from Flagstaff to the Grand Canyon and Phoenix Sky Harbor International Airport. Nava-Hopi's Gray Line tours went out of business in November.

Doubling Their Pleasure (and Voltage). After **Tucson Electric Power** recently announced plans to **build a 400-megawatt coal-fired power plant** at its **Springerville facilities**, **Salt River Project** thought it made sense for the Valley-based utility to **do the same**. It will save both com-

panies money to build two plants at one time, as well as on the cost of installing pollution-control equipment. The addition of 800 kilowatts of electricity will be able to light 700,000 homes.

Tightening of security at Fort Huachuca will cause the **reduction of nearly 50 positions** related to the fort's **recreation facilities**. Higher security leads to fewer guests and activities at the southeastern Arizona military facility, which is headquarters to the U.S. Army Intelligence Center. Among positions affected are waiters and waitresses, kitchen help, and bowling alley and golf course personnel.

Services

The cities of **Yuma** and **San Luis** have experienced a **double economic whammy** because of **increased security along the Mexican border**. In addition to other Arizona towns near the Mexican border (Nogales, Douglas), Yuma/San Luis has lost valuable retail trade and services business. It became such a problem that the San Luis mayor asked Arizona Gov. Jane Hull to declare a "state of emergency." In order to help out border towns, Gov. Hull sent National Guard troops to speed up searches along border crossings. But Yuma also had the **problem of finding agriculture workers**, who are needed to harvest crops in the fall and spring. Related to this, some Mexican produce brought to Arizona border towns for processing has gone to waste. On a positive note, winter tourism in Yuma is on the rise. Below-average home prices, fewer residents per medical and health-care facilities, low crime rates, and being away from a large metropolitan area have given Yuma a high rating in a recent **report on retire-ment destinations** by Phoenix-based **TW & A Consulting**.

Citing high costs, **America West Airlines** is **considering ending service to Lake Havasu City**. After the Sept. 11th terrorist events, America West reduced its daily service from Phoenix to Lake Havasu City from three to two flights. If the airline pulls out, the western Arizona city would have no commercial airline service, which could hurt economic development opportunities.

Trade

The **Page City Council** approved funds for a **survey and appraisal of 20 acres of land** off of U.S. Highway 89 for a **proposed shopping center** that would include a **Safeway and Walgreen's** drug store. Safeway wants to replace an existing downtown location with a much larger store to compete with any "superstores" (e.g., Wal-Mart) that might open in the area.

Work is set to begin in March on a 127,000-square-foot **Home Depot** store **adjacent to the Mall at Sierra Vista**. After several months of debate, **Home Depot and the Sierra Vista Development Review Committee** agreed on a 12.5-acre site plan that will require the store's developer (Castle & Cooke) to tie the store's architecture to the mall, put up a pedestrian walkway to the mall, and improve several nearby roads. The home building supply store is ex-

pected to open in mid-September, but no information on potential employment has been released.

Discount clothier **Marshall's** and doughnut maker **Krispy Kreme** were expected to announce plans in January to **open stores in Yuma in 2002**. No information on specific locations and potential employment has been released.

Government

The federal government may "award" another federal prison to a southern Arizona city (see "Tucson Metro Area," above). **Alternative Programs Inc. (API)** says it is in line to **receive a contract** from the federal government to **privately run a minimum-security facility** for 1,500 inmates in the city of San Luis, which sits across from the Mexican border 50 miles south of Yuma. The proposed prison would **generate about 400 jobs** and more than \$1 million annually to the city, which would receive a percentage of the prison's profits. API expects to receive final notification (positive or negative) in January. If API receives a contract, construction of the facility will begin within a year.

What was feared has come to pass. Shortly after President Bush announced in September that the government would beef up its force of sky marshals on U.S. flights, it was speculated that **many U.S. Border Patrol agents** would **seek** the higher-paying **sky marshal positions**. And such has been the case. "Apparent defections seem widespread among Border patrol sectors all along the U.S.-Mexican line," reported an article in *The Arizona Republic*. Eighty agents alone from the Douglas station have applied, the article said. In addition, more than **425 agents** (out of 9,000) nationwide have been **called up for National Guard duty**, the *Republic* story said. Of course, it's expected that at least the "defections" will lead to opportunities for others who want Border Patrols positions. In recent years, the Immigration and Naturalization Service has beefed up the ranks of Arizona border patrol agents (to about 2,000), in order to fight the flood of illegal immigrants coming into the country across the state's border.

Dominion Correction Services, which has already invested \$2.5 million in a Kingman prison site, expects to **win federal and state contracts to build a private prison** there that would hold 2,500 minimum-security inmates. The city stands to benefit economically from the **creation of 240 jobs** with a payroll of \$8 million, plus \$600,000 a year in property taxes, according to a story on the Arizona Daily Sun Internet site. (www.azdailysun.com). If selected, Dominion says the prison would be operational by the end of 2003. Prisons are becoming big business in Arizona, with many rural cities and towns in Arizona vying for privately and publicly run federal and state facilities.

Statewide

Transportation, Communications, and Public Utilities

Denver-based **Qwest Communications** said it would

cut an additional 7,000 positions systemwide over the next six months, on top of 4,000 jobs cut announced earlier this year. Weak demand for basic telephone and high-speed Internet services, from business and consumers, forced the cuts, Qwest Chairman Joseph Nacchio told business analysts. Positions will be eliminated through attrition, early retirement, and involuntary separations, the company said. **No information** was available on how **many positions will be affected in Arizona**, where there are about 8,000 Qwest employees.

Services

Arizona is more **severely impacted by a nursing shortage** than the nation as a whole, concludes a study by the Arizona Hospital and Healthcare Association (see related stories in newsletter). According to the report, the state has a **16 percent vacancy rate for registered nurses**, compared to an 11 percent rate nationwide. In addition, nine out of 10 Arizona hospitals are facing severe emergency room shortages because of the nursing problem, compared to about four out of 10 hospitals nationally. **Related to the nursing shortage, the health care industry is having problems** filling an assortment of **technical positions**. As a way to fill these needs, technical schools and community colleges are recruiting high-tech workers from industries that are suffering (e.g., communications) to positions that are unfilled in the health-care field (e.g., radiologists). **Banner Health Systems**, which operates eight hospitals in the Phoenix area, has contracted with Gateway Community College in Phoenix to **provide free retraining to 200 out-of-work high-tech workers** a year for health-care jobs that need technical skills, reported the *East Valley Tribune*.

Trade

In early November, Phoenix-based **Southwest Supermarkets filed for bankruptcy protection** and announced plans to **sell 23 of its 32 stores** to the Chandler-based Bashas' grocery chain and close the rest. In late October, **Southwest closed seven former ABCO Desert Market stores** (five in Phoenix; two in Tucson) it acquired six months earlier from food distributor Fleming Cos. Catering primarily to Hispanic customers, Southwest blamed a weak economy, worsened by the Sept. 11th terrorist events, for the closures and layoff of 250 employees.

Miscellaneous

Arizona lost \$200 million in tourism-related business in the month following the Sept. 11th terrorist events. In response, the state and private sector are putting together a \$3.3 million marketing blitz (TV, radio, newspaper, Internet) aimed at getting residents of Arizona and nearby states to visit the Grand Canyon State. Hotels and resorts lost \$40 million in revenue in the four weeks after the terrorist events, while associated businesses (retail trade, services) lost \$160 million. The state's tourism industry generates about \$30 billion in economic activity each year and employs about 400,000 people. **AET**

Arizona Hospitals in Need of RNs, Study Shows

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11. "NURSING WORKFORCE: Emerging Nurse Shortages Due to Multiple Factors," *GAO Report to the Chairman, Subcommittee on Health, Committee on Ways and Means, House of Representatives*, July 2001, page
12. "Occupation Report — Ranked Wages," *America's Career InfoNet*, Internet report of U.S. Department of Labor, November 15, 2001.
13. "What's Going On," Barbara B. Gray, MN, RN, *NurseWeek*, Internet edition, February 12, 1998, page 1.
14. A prevailing wage as it relates to alien certification is an average wage determined by the U.S. Department of Labor from its national Occupational Employment Survey (OES) for the local area of the employer. Employers who need to know the technicalities of prevailing wage application should contact the alien labor certification unit of the DES Employment and Training Administration.
15. Russell Ahr telephone interview, November 15, 2001.
16. "Code Blue: Crisis in the ER," Nancy Shute and Mary Brophy Marcus, *U.S. News & World Report*, September 10, 2001, page 59.
17. "National Preparedness: Ambulance Diversions Impede Access to Emergency Rooms," Rep. Henry A. Waxman, report of Minority Staff, Special

Investigations Division, Committee on Government Reform, U.S. House of Representatives, October 16, 2001, pages 4 & 12.

18. "Code Blue: Crisis in the ER," Nancy Shute and Mary Brophy Marcus, *U.S. News & World Report*, September 10, 2001, page 59.
19. "Nurse shortage throwing Tucson hospitals into crisis," The Associated Press, *The Arizona Daily Wildcat Online*, September 25, 2000.
20. "Shortage of nurses target of task force," Jane Erickson, *Arizona Daily Star*, Internet edition, May 9, 2001.
21. "HHS Awards \$27.4 Million to Address Emerging Nursing Shortage," U.S. Department of Health and Human Services, *HHS News*, Internet edition, September 28, 2001.
22. Ibid.
23. "Bills aim to increase number of nation's nurses," Gina Shaw, *American Medical News* (via amednews.com), June 11, 2001.
24. "Immediate Passage of *Nurse Reinvestment Act* Deemed Essential by National Health Care Group," Maureen Knightly, *The Briefing Room* (an Internet page of the AHCA), October 3, 2001.
25. "Prescription for nurse shortage: cash," Liz Kowalczyk, *The Orange County Register* Internet edition (ocregister.com) October 28, 2001. **AET**

— Ron Simon
RA Economic Analysis Manager



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Research Administrator	Dan Anderson
Managing Editor	Ron Simon
Editor	Brent Fine
Publication Assistant	Rosemary Jones

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